STATEMENT OF

JOLENE M. MOLITORIS, ADMINISTRATOR
FEDERAL RAILROAD ADMINISTRATION
U.S. DEPARTMENT OF TRANSPORTATION

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POTENTIAL OF RAIL IN GEORGIA AND THE SOUTHEAST

Introduction

Mr. Chairman and members of the Committee, I appreciate the opportunity to be here today to testify about the potential of rail passenger transportation in the Southeast, with particular attention to the State of Georgia. I am particularly gratified and honored to appear before you in company with Transportation Secretary Rodney Slater, who has done so much to advance the cause of intermodal transportation, and Amtrak President George Warrington, who has overseen his company's transformation into the dynamic, expanding embodiment of the intermodal ideal. Our joint appearance today symbolizes our long-term partnership in progress.

Role of FRA

The Federal Railroad Administration, which I head, plays a crucial role in rail transportation of all kinds, and fulfills unique and longstanding functions in rail passenger transportation. Of course, our

first priority is safety for all railroad operations, freight, intercity passenger, and commuter. Consequently, most of our people are involved in safety assurance. Regarding the freight railroads, we provide advice to the Secretary on regulatory issues and other matters of national significance, conduct focused research and development, and manage financial assistance programs.

With respect to passenger railroads, we initiated and worked closely with Amtrak to implement the Northeast Corridor Improvement Project, making possible the Metroliners and the Acela Express, and introducing true high-speed rail service to America. We also represent the Secretary on Amtrak's board of directors and we provide financial assistance to Amtrak.

Today, the Federal Railroad Administration not only serves as the Secretary's principal advisor on Amtrak matters, but also catalyzes partnerships among the States, Amtrak, and the freight railroads for improved passenger service. One of our many roles in this process is that of designating corridors for high-speed rail development. Technically, these designations merely make rail lines eligible for some very limited special funding for highway-rail grade crossing elimination; but practically, the designation process has energized the States and Amtrak to pursue far-reaching programs for corridor upgrading. In support of such programs, we are also developing safe, low-cost technologies (like non-electric locomotives and positive train control) that will make high-speed rail investments more affordable and marketable than ever. Recently, the designation of high-speed rail corridors has increased in importance because of pending legislation which would make such corridors eligible for up to $10 billion in bond funding for capital investments.

Importance of Rail Options for Large Metro Areas

Passenger trains are essential elements of intermodal transportation within and between our large metropolitan areas. Let me give you just a few reasons for this:

In the last two decades of the 20th Century, the Nation's population grew by one-fifth, but intercity travel more than doubled. Over that same period, lane miles increased by only three percent. Capacity has not kept up with the growing demand. The result? Americans are driving more than ever, but bottlenecks in heavily trafficked urban areas--where delays have increased by as much as 50 percent--often detract from the travel experience.

Air travel, too, has grown rapidly, at times posing challenges to individual passengers. First, worsening highway congestion has hampered airport access by motor vehicles. Second, since the 1980's, airlines have raised the number of flights by one third and concentrated those flights in the Nation's top airports. This dramatic leap forward in flight availability and convenience has led to lengthier gate-to-gate travel times on most of the routes serving America's busiest air hubs. Finally, as the deregulated airlines have become more adept at setting fares and scheduling services, full flights have become the rule rather than the exception. Consumer complaints about airlines have increased in recent years—even as more consumers than ever before have availed themselves of the world's finest

air transport system.

In brief, the Nation's mobility challenge reflects the extraordinary success of its highways, its airlines, and their supporting industries in bringing transportation options to an ever-broader market.

These mobility issues will directly affect the Nation's future livability. President Clinton was correct when he recently said:

> "To make our communities more livable . . .This is a big issue. What does that mean? You ask anybody that lives in an unlivable community, and they'll tell you. They want their kids to grow up next to parks, not parking lots; the parents don't have to spend all their time stalled in traffic when they could be home with their children."

To safeguard mobility and livability in the new millennium, Americans need a lasting solution in the form of a balanced transportation network. Offering an exciting, innovative transport option for the future, rail passenger service brings to bear several inherent advantages as part of such a seamless intermodal network.

- Railroads are largely independent of the traffic gridlock of highways and airports. Of all travel options, only Amtrak's high-speed Northeast Corridor has unencumbered access to the heart of Manhattan. Trains can whisk passengers into the hearts of other large cities, like Los Angeles, Chicago, and of course Atlanta (once the intermodal terminal is built), without succumbing to highway traffic jams or most types of bad weather. In brief, passenger trains eliminate the traffic jams that are one of the major sources of unreliability in the overall transportation system.
- With stations in downtowns, suburbs, and outlying population centers, rail has its own pick-up and delivery system, giving passengers the freedom to choose where to get on and off the train. Passenger convenience can further benefit from rail stations at airports and transit stops. For example, in Boston, Amtrak stops at Route 128, Back Bay, and South Station. At the last two stops, passengers have direct access to three rapid transit lines, as well as to commuter rail routes to Boston's southern and western suburbs. Such convenience could be replicated in other regions of the country.
- Railroad stations can anchor the revitalization of city centers. Washington's Union Station redevelopment, for instance, has turned a former white elephant into a vibrant, high-traffic shopping and recreation center that is sparking the rebirth of Washington's North Capitol Street corridor.
- With rail, it's not just the speed that is important; it is the total passenger experience. Passenger comfort on Amtrak is, indeed, outstanding and constantly improving. With spacious, reclining seats, plenty of room to walk around, snack bars and even dining cars

on board, rail travelers have mobility within their mobility. The public reacts well to this: new train equipment in the Pacific Northwest with European-style décor and taste-tempting local meals on the menu has sparked a 50 percent increase in ridership since 1993. Amtrak's Acela Express on the Northeast Corridor which was just inaugurated for revenue service to rave press reviews will offer world-class comfort and amenities.

- Improved rail passenger service operates so cleanly that it actually reduces total transportation emissions as it attracts riders from planes and cars. A recent Federal Railroad Administration study estimated that the introduction of high-speed rail in seven corridors would create pollutant emissions reductions valued at almost half a billion dollars, just by diverting travelers from airlines and automobiles. Rail passenger service is also compact and sparing in its use of resources, usually making use of existing rail rights-of-way—in contrast with other modes, which often require new highway lanes or runways.

With inherent advantages like these, passenger trains clearly deserve a prominent role in America's 21st Century intermodal transportation system.

Intercity and Commuter Rail—Integrated and Intermodal

Today, we speak of "intercity" and "commuter" rail as separate modes. This is an artificial distinction, reflecting the funding mechanisms and the institutions that have arisen since the mid-20th Century. It is true that the Federal Transit Administration (FTA) partially funds commuter rail projects, using the transit share of Federal fuel taxes and that whatever Federal funds are made available to intercity rail come from general funds through the Federal Railroad Administration (FRA). It is also true that different entities, the commuter agencies and Amtrak, are responsible for the two types of service.

But in reality, just as the FTA and the FRA are really part of One DOT, so are commuter and intercity services two facets of a larger transportation offering. Commuter and intercity trains use the same tracks, the same signals, and the same stations. Improvements that benefit intercity trains usually benefit commuters, and vice versa. The potential for interconnections between the two services, and with transit, are legion. Anyone who has ever left an Amtrak train at Newark, crossed the platform, and taken the PATH train direct to the World Trade Center; or ever changed at Penn Station, New York to the Long Island Rail Road for direct service to the east would know what I mean. It is no accident that all the services I have just mentioned were owned and operated for many years by a single company, the Pennsylvania Railroad. With engineering foresight and a dedication to public service, that company built integrated facilities and coordinated its train schedules, providing interconnections both in space and time for maximum passenger convenience.

The days when commuter and intercity trains were operated as one service by large private firms like the Pennsylvania Railroad have gone. Today, the participants in rail transport are as numerous and varied as the sources and uses of the funds that support them. Yet, the actual physical interdependence, and the potential for connectivity, of these two types of services remain strong. That more agencies are involved simply means we have to work harder to fulfill the growing potential of rail passenger transportation.

For example, the FRA recently prepared a study of the Washington-Richmond corridor. We worked with the freight railroads, the commuter agencies, and Amtrak, as well as State and local governments. What resulted was a plan that would improve all services by addressing their common needs and intelligently allocating improvements to their common facilities. We have a similar study underway in the Philadelphia-Harrisburg corridor, and—closer to Atlanta—on the Richmond–Charlotte route. The principle is always the same—careful attention to the needs of all users—and the outcome is not surprising: where there's a will, there's a way to design cost-effective improvements that will result in better-integrated transportation.

All rail services form part of an even larger transportation network. I have already mentioned examples where commuter and intercity trains intersect with local transit services. Although intermodal terminals are scattered throughout the country, the most prominent examples of seamless passenger service remain in the Northeast, the Great Lakes region, and California. Georgia generally, and the Atlanta region in particular, is a prime location given its status as the hub of transportation in the South, for this kind of intermodalism. Indeed, I salute Georgia for its efforts to join other prominent metropolitan areas in moving to a higher plateau of passenger transport.

Role of Amtrak

I am particularly excited to have Mr. Warrington on this panel because Amtrak fulfills multiple roles in today's world of intermodal passenger transportation. Increasingly, the States and Amtrak are creating successful partnerships to make the service and facility improvements that move the Nation toward high-speed rail. This has already taken place in the Pacific Northwest, in California, in the Chicago hub region, in New York State, in Pennsylvania, and in Virginia. Further service expansions are occurring elsewhere under Amtrak's Network Growth Strategy, which moves our national rail passenger system out of the "retreat and retrench" mode into the realm of dynamic growth. Amtrak's experience in intermodal transport goes far beyond the State high-speed rail partnerships and includes Amtrak's ownership and operation of the Northeast Corridor, which is host to thousands of daily commuter trains operated by local agencies. Moreover, nothing speaks to the synergies of commuter and intercity services better than Amtrak's success in directly operating both intercity trains on its own account and commuter services under contract to many local agencies. So, Amtrak is both a

"landlord" and a "tenant"; both a commuter operator and a facility provider for other agencies. In addition, Amtrak has been a key player in the development of mixed-use intermodal terminals, for example in Washington, D.C. and in Philadelphia. For all these reasons, the sponsors of commuter and high-speed rail are increasingly Amtrak's partners and customers.

High-Speed Corridor Designations

One of FRA's principal roles in rail passenger service is in the designation of routes for development as high-speed rail corridors. Our current map of designated corridors positions Atlanta as a possible hub for the high-speed corridors in the South. The map shows lines radiating from Atlanta to Charlotte and Richmond, to Macon, Savannah, and Jacksonville, and to Birmingham, Meridian, and New Orleans. While it may be some years before "high-speed" service can be implemented, there is no reason why "high-quality" and "higher-frequency" service could not be quickly realized on some or all of these routes. Uncertainties remain regarding the precise long-term route between Atlanta and Birmingham and congestion on the Norfolk Southern route may make restoration of the old Seaboard Air Line (SAL) route, if available, more economic. A similar situation may exist on the Savannah–Jacksonville run, where the former SAL line may provide a realistic option. These alternatives would affect the routes from Atlanta/Macon to Savannah and Jacksonville. Also of interest are the potential impacts of these designations, and their future options and service patterns, on the design of Atlanta's proposed intermodal terminal.

Beyond the current map, many possibilities are in play: direct service between Atlanta, Birmingham, Meridian, Shreveport, and Dallas/Fort Worth, in keeping with Amtrak's Network Growth Strategy and connecting the existing Gulf Coast and South Central Corridors; and service between Atlanta and Chattanooga, or between Atlanta and Birmingham, thence north to Nashville, Louisville, and the Midwestern states, possibly as part of a restored connection between the Midwest and Florida. The possibilities are endless, all would redound to the ultimate benefit of Georgia and the Atlanta region, and all would exhibit synergy with plans for commuter rail service, in keeping with the essential unity of the two types of passenger trains.

Rail Success Stories

All these prospects for rail service are realistic if there is a consensus among all the agencies and entities involved in rail passenger service in Georgia and the Southeast, and if an effective partnership is forged with Amtrak and the freight railroads that own the tracks.

FRA's experience with similar projects in other parts of the country underlines the realism of these possibilities. The shared theme of all these success stories is local involvement.

Northeast Corridor

Alone among the high-speed rail projects in the Nation, the Northeast Corridor (NEC) was primarily a Federal project from its modest origins in the 1960s until its substantial completion this past year. Still, there was substantial State and local involvement: in securing the original Federal funding in the mid 1970s; in providing matching funds and local planning participation for the station program, which transformed the passenger experience at every important station on the entire 456-mile corridor; and in progressing the electrification of the last non-electrified segment from New Haven to Boston. At every step of the way, in the planning, the environmental process, the construction, and now the operation, States and localities partnered with the FRA and Amtrak. All these efforts have paid off as the NEC hosts continually improving commuter and intercity services, ranging from new, direct service from northern New Jersey to Manhattan, to an intercity passenger service so good that it now carries as many passengers as the airlines do between New York and Washington. Over the long term, from Amtrak's first full year of operations in 1972 through 1999, intercity passenger traffic on the NEC more than doubled—the surest indicator of the program's success.

The partnership continues as Amtrak, the States, the metropolitan planning organizations, FRA, and the commuter authorities continue to plan additional improvements to fulfill expanding demand for passenger service in the new century. Projects in other parts of the country will require even more intensive State and local involvement.

California

Of all the States, California has invested most heavily in intercity rail passenger services—over a billion dollars in direct State funding of capital improvements alone, for track, signals, equipment, and support facilities. The localities, Amtrak, and the freight railroads have contributed another $600 million in a remarkable partnership. As a result, California has an outstanding frequency and quality of intercity rail service in many of its corridors, although much remains to be done in that vast and topographically difficult State. The result is obvious: passenger-miles more than tripled on Amtrak's main line in California's Central Valley, and have scored impressive gains elsewhere, since the early 1980s.

Pacific Northwest

The States of Washington and Oregon have conclusively demonstrated that new equipment, higher frequencies, and a winning attitude can score impressive gains for rail passenger service even in the absence of heavy fixed plant investments. The new Cascades services, making use of modern Talgo equipment, have created traffic volumes almost ten times those of the early 1980s. These phenomenal gains have occurred with State and local contributions totaling $130 million, which leveraged additional funds from Amtrak and the freight railroads. The success of the Cascades services testifies both to the value of partnerships and to the public's hunger for attractive rail passenger services—even if major speed increases are slow in coming.

Midwest (Chicago Hub)

In the Midwest, nine States have joined together to develop a comprehensive plan for service centered on the Chicago hub. They call it the "Midwest Regional Rail Initiative." Although major service improvements have yet to be realized, progress is underway in a number of partnerships: positive train control demonstrations in Michigan and Illinois; creative grade crossing barrier systems in Illinois, where some track reconfigurations and reroutings are in process; and most recently, a joint equipment request for proposals by Amtrak, and the States of Illinois, Michigan, and Wisconsin. This request involves 13 trainsets that will provide upgraded service over the Chicago Hub network.

Lessons Learned

What do these success stories teach us that we can apply to a potential Atlanta hub system for intercity and commuter rail service? Let me sum up the basic principles.

- **Local commitment.** Where there is intense State and local commitment, there will be progress in rail passenger service. We see this most clearly in California, which has made the heaviest investment, but even in States that have committed more modest resources a strong dedication and focused attention to specific, perceptible service improvements can overcome a lack of funds.
- **Partnership.** Time and again we see that it is possible to bring Amtrak and the freight railroads into mutually beneficial agreements. Our state-by-state estimates show that Amtrak and the freight railroads pumped almost a billion dollars into intercity passenger improvements in the 1990s, with the freight carriers contributing almost 40 percent of that amount. While no one can foresee the future ability of either Amtrak or its freight colleagues to replicate that investment in the coming decade, the precedent exists; and we have ongoing programs in Pennsylvania, New York, Virginia, and elsewhere to back up our hopes.
- **Incremental progress.** We would all like to see high-speed rail right away, in its full glory. The fact is, it takes time; the Northeast Corridor, well-funded though it has been, has taken over 35 years from concept to realization. Part of that delay reflects the complexity of the Northeastern rail operations, with their thousands of commuter and hundreds of intercity trains each day, as well as the sheer number of different State and local governments involved. Simpler corridors, with more straightforward operations and fewer actors, can take much less time. The phenomenal success of the Pacific Northwest corridor, still at top speeds of 79 mph, further confirms the lesson that modest improvements can produce major increases in service quality and ridership.
- **Equipment pays.** Often, it is easier to finance and acquire attractive equipment than to make the fixed plant improvements for high-speed service. Equipment can often be privately

financed; it is not a sunk cost, but rather has a market value that can be used to secure a loan. It can also be used at a variety of speeds—conventional speeds where necessary, higher speeds when investments and safety considerations permit. Just as Amtrak and the Midwest states are proceeding with equipment in advance of major fixed facility investments, so can other states do so. As long as the equipment meets FRA safety standards, provides the marketability that rail passenger service needs, and (in the case of the Southeast Corridor) is well-suited for through operation over the Northeast Corridor and its high-level platforms, it can be used to good effect.

- **Detailed planning; freight and commuter needs.** Our enthusiasm must always be tempered with the realities of rail transportation today. Specifically, just because the tracks are there, and even empty, does not necessarily make them suitable for passenger service. The proper connections must be in place at the right places; the needs of freight service—so vital to the Nation's economy—must always be protected; and future commuter services must be allowed for. Even our remaining, disused passenger stations are of no benefit if the tracks that lead to them are gone, or if huge skyscrapers are blocking their former approaches. The bottom line is: detailed engineering investigations must be the prerequisite to significant rail passenger investment. I know that you have done, and are doing this in Georgia, but there is always the danger that enthusiasm can outpace realism. So, I advise all advocates of rail passenger improvements, wherever they may be, to get the facts before leaping into visionary projects. This does not mean that we cannot make big plans—just that the big plans must take into account the engineering realities.

Sources of Funds

Time and again, this testimony has emphasized state, local, Amtrak, and freight railroad funds. This emphasis reflects the limited availability of direct Federal funding for intercity rail passenger improvements.

Some limited programs are available. The FY 2001 Transportation appropriation includes $200,000 for planning, earmarked for the Charlotte-to-Macon segment of the Southeast Corridor. In recent years such planning funds have been scarce, and only available for earmarked routes. We also have a total of $5.25 million in grade crossing improvement funds, also for high-speed lines, and also completely earmarked.

For larger Federal investments, the most promising options right now are the Railroad Rehabilitation and Improvement Financing Program (RRIF), managed by the FRA, and the Transportation Infrastructure Finance and Innovation Act (TIFIA), which is a DOT-wide program. Let me summarize for you these two creative financing approaches, both of which originated in the Transportation Equity Act for the 21st Century, or TEA-21. In addition, there are some other

opportunities for intercity rail funding under TEA-21, as well as a pending proposal in Congress that should be of considerable interest.

RRIF

The RRIF program provides for direct loans and loan guarantees for terms up to 25 years. There is a statutory maximum amount of outstanding principal of $3.5 billion. Of this, $1 billion is reserved for projects primarily benefitting short line and regional railroads.

Statutory priority projects are those that:

- Enhance safety;
- Enhance the environment;
- Promote economic development;
- Are included in State transportation plans;
- Promote U.S. competitiveness; and
- Preserve and enhance rail or intermodal service to small communities and rural areas.

Eligible applicants for RRIF funding include State and local governments, government-sponsored authorities and corporations, railroads, and joint ventures that include at least one railroad.

Financing can be used—

- To acquire, improve, or rehabilitate intermodal or rail equipment or facilities, including track, track components, bridges, yards, buildings, and shops;
- To refinance existing debt incurred for the previous purposes; and
- To develop and establish new intermodal or railroad facilities.

RRIF funding is not restricted to freight, and could be applied to passenger railroads.

The unique feature of the RRIF Program is the payment of a Credit Risk Premium in lieu of an appropriation of funds. The Credit Risk Premium is a cash payment provided by a non-Federal entity. The Credit Risk Premium must cover the estimated long-term cost to the Federal Government of a loan or loan guarantee. The amount of Credit Risk Premium required is determined by the specifics of the transaction. It is based on an applicant's creditworthiness as well as the impact of the project on an applicant's financial strength. The pledging of collateral will reduce the amount of the Credit Risk Premium since the greater the value of the collateral, the higher the recovery in the event of default. The credit risk premium must be paid to the FRA before funds are disbursed.

FRA issued final procedures for applying for RRIF financing (49 C.F.R. Part 260) this past summer.

TIFIA

The Transportation Infrastructure Finance and Innovation Act (TIFIA) is a new program created in Section 1501 of TEA-21 that provides Federal assistance in the form of credit (e.g., direct

loans, loan guarantees, and standby lines of credit) to help fund major transportation investments of critical national importance. The TIFIA credit program is designed to fill market gaps and to leverage substantial private co-investment by providing supplemental and subordinate capital.

The TIFIA credit program consists of three different types of financial assistance designed to address projects' varying requirements throughout their life cycles:

- Secured loans are direct Federal loans to project sponsors. These loans provide combined construction and permanent financing of capital costs. The interest rate is "not less than" the yield on marketable Treasury securities of similar maturity on the date of execution of the loan agreement.
- Loan guarantees ensure a Federal government full-faith-and-credit guarantee to institutional investors making a loan to a project.
- Standby lines of credit represent secondary sources of funding in the form of contingent Federal loans that may be drawn upon to supplement project resources if needed during the first ten years of project operations.

Funds to implement the project may be provided by a corporation, a joint venture, a partnership, or a governmental entity. The amount of Federal credit assistance may not exceed 33% of total project costs.

Projects eligible for Federal financial assistance through regular surface transportation programs (Title 23 or chapter 53 of Title 49) are eligible for the TIFIA program. In addition, regionally or nationally significant projects such as intercity passenger rail facilities and vehicles (including Amtrak and magnetic levitation systems), publicly owned intermodal freight facilities on the National Highway System, border crossing infrastructure, and other large infrastructure projects such as the Penn Station Redevelopment project in New York are examples which could fit under the TIFIA umbrella.

To qualify, projects must cost at least $100 million or at least 50% of a State's annual apportionment of Federal-aid funds, whichever is less. Also, the project must be supported in whole or in part from user fees or other non-Federal dedicated funding sources (e.g., tolls) and must be included in the State's transportation plan. For Intelligent Transportation System projects, the minimum cost must be $30 million; these might include a regional train control project or a significant advanced train propulsion control system covering a major metropolitan area.

Qualified projects meeting the above threshold eligibility would then be evaluated by the Secretary based on the extent to which they generate economic benefits, leverage private capital, and promote innovative technologies. The senior debt for each project must possess an investment grade rating (BBB minus or higher) in order to receive Federal credit assistance under TIFIA.

Under TEA-21, a total of $530 million of contract authority was provided to pay the subsidy cost of supporting Federal credit under TIFIA (to cover anticipated losses). The maximum amount of credit that may be provided is capped at $10.6 billion over the 6-year authorization period.

Other TEA-21 Sources

Although TEA-21 did not provide the expanded flexibility for States to apply highway trust fund moneys to intercity rail passenger investments that the Clinton/Gore Administration sought, there are some limited opportunities for States to do so. For example, feasibility studies of a broad range of alternative transportation investments (including rail investments) in a corridor might be included in FHWA-funded planning activities. Also, the FHWA's grade crossing safety funds may be applied to high-speed rail corridors as long as FHWA mandates are followed. Similarly, the Congestion Mitigation and Air Quality (CMAQ) Improvement Program can be (and has been) used for rail passenger and freight purposes in nonattainment and maintenance areas under TEA-21. All these applications of funds to rail passenger purposes of course require the concurrence of the FHWA division offices. Finally, as Secretary Slater has discussed in his testimony, federal funding is available from the Federal Transit Administration for commuter rail improvements. Improvements benefitting commuter rail also frequently provide a benefit for intercity rail passenger services operating over the same rail lines.

Pending Proposal in Congress

Congress is currently considering legislation, the "High-Speed Rail Investment Act," that would finance Amtrak/State partnerships to build high-speed rail systems. This legislation has the endorsement of the Clinton/Gore Administration. The proposal's basics, furnished by the bill's sponsors, are as follows (note that the legislation is changing as Congress continues to refine it).

- Amtrak is authorized to sell $10 billion in high-speed rail bonds between FY 2001 and FY 2010.
- This money may be invested in designated high-speed rail corridors to upgrade existing routes to high-speed rail, construct new dedicated high-speed rail tracks, and to purchase high-speed rail equipment.
- No more than $3 billion of the bonds will support any one corridor.
- Up to ten percent of the funds would be available to improve non-high-speed rail service nationwide.
- States are required to match at least 20 percent of Amtrak's share. These funds would be managed by an independent trustee and used to redeem the bonds. The repayment of bond principal by the trust would be assured by a separate non-Federal guaranteed investment contract.
- State funds contributed in excess of the 20 percent minimum may go directly towards funding projects. The state matching requirement ensures that Amtrak will work in partnership with the states and invest these funds in only the most economically viable

projects.

- A preference will be given to projects with a State share greater than 20 percent.
- Provisions are included which would prevent the use of both bond money and Highway Trust Funds.
- Bondholders receive tax credits in lieu of interest payments, which decreases federal revenues by $762 million over five years and $3.3 billion over ten years.

The states have already spent a significant amount to get started–about $1.5 billion in the last decade–mostly on incremental improvements, and they plan to spend another $1.3 billion in the next 5 years, even without recognizing the full effects of the proposed High-Speed Rail Investment Act. Thus, improved intercity rail passenger service will expand somewhat in any case, but the High Speed Rail Investment Act would make a dramatic difference.

Future Vision

Incremental high-speed rail systems are likely to emerge in a number of corridors in this decade. Construction will probably begin on a new high-speed rail or maglev system between major cities somewhere in this country, probably on the West or East Coast. All these systems will demonstrate growing synergy with commuter rail, transit, and motor vehicle transportation, thus fulfilling Secretary Slater's vision of a seamless transportation network.

Beyond that, I envision a constant improvement in the quality and consistency of Amtrak's service on all its routes, as well as an expansion of intercity rail passenger service to new markets (like Atlanta—Birmingham—Dallas/Fort Worth). To achieve these improvements, we need to apply the lessons learned from our recent work on developing improved passenger rail service. We need to combine a local commitment in partnership with cooperation from freight railroads and federal support. We need to take advantage of opportunities to improve track and equipment gradually, as our resources permit, so that improved service and ridership generates support for further improvements in the future. And we need to make sure that our enhancements improve service quality for <u>all</u> rail users–intercity passenger, commuter and freight. The demographics of the United States are changing with unprecedented growth occurring in regions like Atlanta and the State of Georgia. The rail system of the future needs to reflect the residential, commercial, and travel patterns of the future, not those of the past. That's why I expect great things to happen in Georgia and the Southeast as population increases, congestion poses challenges, and opportunities for improved rail service converge to make this region a world-class hub for intermodal transportation. Thank you.